

# Exhibit C

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE:

ORRIN S. ANDERSON, AKA  
ORRIN ANDERSON, AKA ORRIN  
SCOTT ANDERSON,CASE NO.  
14-22147 (rdd)

CHAPTER 7

Debtor.

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IN RE:ORRIN S. ANDERSON, AKA  
ORRIN ANDERSON, AKA ORRIN  
SCOTT ANDERSONADV. CASE NO.  
15-08214 (rdd)DEBTOR AND PLAINTIFF,  
ON BEHALF OF HIMSELF  
AND ALL OTHERS  
SIMILARLY SITUATED,  
v.  
CREDIT ONE BANK, N.A.,  
DEFENDANT.-----  
DEPOSITION OF: MEGHAN EMMERICH

DATE: June 16, 2016

TIME: 9:28 AM

LOCATION: Residence Inn - Charleston Airport  
5035 International Boulevard  
Charleston, SC

TAKEN BY: Counsel for the Plaintiff

REPORTED BY: TERRI L. BRUSSEAU, RPR, CRR

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1 APPEARANCES OF COUNSEL:  
 2 ATTORNEYS FOR THE PLAINTIFF:  
 3 BOIES, SCHILLER & FLEXNER, LLP  
 4 BY: JEFFREY S. SHELLY  
 5 30 South Pearl Street, 11th Floor  
 Albany, NY 12207  
 (518) 434-0600  
 jshelly@bsflp.com

6 ATTORNEYS FOR THE DEFENDANT:

7 SESSIONS, FISHMAN, NATHAN & ISRAEL  
 8 BY: MICHAEL D. SLODOV  
 (BY TELEPHONE)  
 9 15 East Summit Street  
 Chagrin Falls, OH 44022  
 10 (440) 318-1073  
 mslodov@sessions-law.biz

11 and

12 BLANK, ROME, LLP  
 13 BY: KENNETH L. BRESSLER  
 The Chrysler Building  
 14 405 Lexington Avenue  
 New York, NY 10174-0208  
 15 (212) 885-5203  
 kbressler@blankrome.com

16 ALSO PRESENT:

17 Michael Bahner

18 (INDEX AT REAR OF TRANSCRIPT)

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1 LLC, PYOD, LLC, Resurgent Capital Services, LP,  
 2 LVNV Funding, LLC and Sherman Capital Markets, LLC.  
 3 You understand that you're here today to  
 4 testify for those entities?

5 MR. BRESSLER: I'll object to the  
 6 extent -- did you say Credit One at the beginning  
 7 or did you stop saying Credit One?

8 MR. SHELLY: I stopped saying Credit  
 9 One.

10 MR. BRESSLER: Okay. Because it's not  
 11 included, correct?

12 MR. SHELLY: Right.  
 13 (Off-the-record conference.)

14 THE WITNESS: Yes, I understand that  
 15 I'm here for those eight entities.

16 BY MR. SHELLY:

17 Q. Okay. Okay. My question is for those  
 18 entities, do any of them extinguish or delete trade  
 19 lines discharged in bankruptcy?

20 A. LVNV Funding, LLC and PYOD, LLC will  
 21 have their trade lines deleted upon the filing of a  
 22 bankruptcy.

23 Q. Okay. Upon the filing but not -- I'm  
 24 asking specifically with respect to a bankruptcy  
 25 discharge.

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1 MEGHAN EMMERICH  
 2 being first duly sworn, testified as follows:  
 3 EXAMINATION

4 BY MR. SHELLY:

5 Q. Good morning. We met just before the  
 6 deposition here. First question for you is do any  
 7 of the entities that you're here to testify for  
 8 today extinguish or delete trade lines that have  
 9 been discharged in bankruptcy?

10 MR. BRESSLER: Why don't you just for  
 11 the sake of clarity identify the entities.

12 MR. SHELLY: Yeah, I'm going to get  
 13 into that. I just -- I -- what I -- that's my  
 14 first question for her. I'll do that --

15 MR. BRESSLER: Well, how can she answer  
 16 then if you haven't --

17 MR. SHELLY: Well --

18 MR. BRESSLER: -- clarified the names  
 19 of the entities for whom she's here just to make  
 20 sure there's no --

21 MR. SHELLY: Okay.

22 BY MR. SHELLY:

23 Q. The entities that you're here for today  
 24 are Credit One -- are Sherman Financial Group,  
 25 Sherman Originator III, FNB, LLC, MHC Receivables,

1 A. There would be no trade lines to delete  
 2 since the trade lines were already deleted upon the  
 3 filing of a -- of a BK.

4 Q. Okay. But none of the others ever  
 5 extinguish or delete their trade lines when a --  
 6 when a -- there's been a discharge of bankruptcy?

7 MR. BRESSLER: Objection to form.

8 THE WITNESS: The only -- out of the  
 9 eight entities that we named, the only two entities  
 10 that own debt would be LVNV Funding and PYOD that  
 11 collect on the debt.

12 BY MR. SHELLY:

13 Q. Okay. They're the ones that own but if  
 14 any -- any of the others that do any servicing of  
 15 debt, do any of those actually extinguish or delete  
 16 trade lines that have been discharged in  
 17 bankruptcy?

18 A. Resurgent Capital Services, services  
 19 for LVNV Funding and PYOD so therefore Resurgent  
 20 would delete LVNV Funding's trade line or P --  
 21 PYOD's trade line upon the filing of a bankruptcy  
 22 but Resurgent does not have its own trade line.

23 Q. Okay. And why does PYOD and LVNV --  
 24 why do they actually delete the trade line at the  
 25 filing of a bankruptcy?

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<p>1           A. It has always been that way as far as I 2        know, not quite -- I'm not sure what the 3        determination was.</p> <p>4           Q. Okay. You don't know who made that 5        policy decision?</p> <p>6           A. No. I've been with Resurgent since 7        2004 and it's always been that way.</p> <p>8           Q. Okay. And as far as you know even 9        before 2004 that was the practice?</p> <p>10          A. As far as I know.</p> <p>11          Q. Okay. Let's just go back and get a 12        little bit of background. We went through those 13        entities that I was going to go through so you are 14        here to testify for those three entities today. 15        You understand that you're not here testifying on 16        your own behalf as an employee but actually as a 17        representative of those entities, correct?</p> <p>18          A. Correct.</p> <p>19          Q. Okay. All right. Where -- where are 20        you currently employed?</p> <p>21          A. Resurgent Capital Services, LP.</p> <p>22          Q. Okay. And what do you do there?</p> <p>23          A. I'm a senior managing paralegal.</p> <p>24          Q. Okay. Just to be clear since we 25        didn't -- we went through those eight entities</p>	<p>1           A. Not that I'm aware of.</p> <p>2           Q. Okay. And it's still in existence?</p> <p>3           A. It is.</p> <p>4           Q. Do you know when it stopped purchasing 5        debt from Sherman Originator III?</p> <p>6           A. It still does.</p> <p>7           Q. Okay. And do you know where the debt 8        that it purchases from Sherman Originator III 9        originated from?</p> <p>10          MR. BRESSLER: I'm just going to object 11        to the scope. It's beyond the scope of the topics 12        that this witness is being designated to testify 13        about.</p> <p>14          MR. SHELLY: Okay.</p> <p>15          THE WITNESS: It -- it varies on -- 16        depending on where Sherman Originator III purchased 17        the debt from. It could be any of the sellers that 18        we currently purchase from.</p> <p>19          BY MR. SHELLY:</p> <p>20          Q. Okay. But it's always external 21        sellers, not internal?</p> <p>22          MR. BRESSLER: Objection, form.</p> <p>23          THE WITNESS: Typically Sherman -- yes, 24        Sherman Originator III will purchase debt from 25        third parties.</p>
<p>1        right up front there as opposed -- now, I may refer 2        to Sherman Originator III as just Sherman 3        Originator and I take it you refer to it that way 4        at times at work, correct?</p> <p>5          A. We typically refer to it as Sherman III 6        because there is a Sherman Originator, a wholly 7        different entity.</p> <p>8          Q. Oh, okay.</p> <p>9          A. So we usually refer to it as Sherman 10        III.</p> <p>11          Q. Okay. What -- what's the Sherman 12        Originator that's separate from Sherman Originator 13        III?</p> <p>14          A. It's just another entity that has in 15        the past purchased debt and transferred it to 16        another internal entity.</p> <p>17          Q. That other Sherman Originator, who did 18        it purchase debt from?</p> <p>19          A. It can purchase debt from Sherman 20        Originator III and in the past, not any longer, it 21        would purchase debt from outside third parties such 22        as banks.</p> <p>23          Q. Okay. Nothing else sort of internal to 24        Sherman that it purchased from other than Sherman 25        Originator III?</p>	<p>1        BY MR. SHELLY:</p> <p>2          Q. Okay. But it's my understanding that 3        Sherman Originator III also buys debt and keeps 4        debt that originated with Credit One Bank. Does 5        any of that debt end up in Sherman Originator as 6        opposed to being sold from Sherman Originator III 7        to Sherman Originator?</p> <p>8          MR. BRESSLER: Objection, form.</p> <p>9          THE WITNESS: It can. It would pass 10        through Sherman Originator into LVNV Funding.</p> <p>11          BY MR. SHELLY:</p> <p>12          Q. Okay. Is there a particular sort of 13        debt that passes through Sherman Originator to LVNV 14        Funding?</p> <p>15          A. If LVNV Funding is going to be the 16        ultimate owner of the debt, then it has to pass 17        through Sherman Originator, LLC first.</p> <p>18          Q. Okay. But what -- is it a particular 19        sort of debt? In other words, is it -- is it 20        bankrupt debt, is it -- is it deceased debt, what 21        kind of debt is it? Is it a particular category? 22        That's my question.</p> <p>23          A. It's as broad as just charged-off debt. 24        It can be lots of different types.</p> <p>25          Q. Okay. And does that Sherman Originator</p>

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1 and 2008 with the exception of seven months when I  
 2 did not work for Resurgent, I worked in their  
 3 bankruptcy department.

4 Q. Okay. And what did you do within the  
 5 bankruptcy department?

6 A. I worked in secured bankruptcy so I  
 7 would have a list of accounts. If a claim needed  
 8 to be filed, I would file the claim. If I needed  
 9 to discuss -- talk to a trustee, I would do that, a  
 10 plaintiff's attorney, whatever really was needed to  
 11 monitor the account through the bankruptcy.

12 Q. Okay. And you said there were seven  
 13 months when you didn't work for Resurgent. What  
 14 were you doing during those seven months?

15 A. I moved to Rock Hill, South Carolina  
 16 just to see what was up in Charlotte.

17 Q. Okay.

18 A. Didn't like it, came back.

19 Q. Okay. Great. Okay, with respect to  
 20 those eight entities, what -- what are the  
 21 responsible -- responsibilities of each one of them  
 22 concerning reporting information to credit  
 23 reporting agencies?

24 A. I'll just take them one at a time.

25 Q. Sure, that'd be great.

1 THE WITNESS: Yep. I don't need to  
 2 worry about those two guys.

3 MR. BRESSLER: All right.

4 THE WITNESS: Okay.

5 MR. BRESSLER: And then --

6 THE WITNESS: Yep. Okay. So I did  
 7 MHC, FNB, I did III, Sherman Capital Markets.  
 8 Sherman Financial Group also does not report.  
 9 PYOD, LLC, we'll have their trade line reported to  
 10 the credit bureaus by Resurgent Capital Services.  
 11 LVNV Funding is the same, they will have their  
 12 trade line reported on behalf of -- well, Resurgent  
 13 will do it on behalf of LVNV Funding and Resurgent  
 14 is the master servicer for PYOD and LVNV so they  
 15 will actually do the operations of having the trade  
 16 lines reported.

17 BY MR. SHELLY:

18 Q. Do you know if the ones that you  
 19 mentioned, the five that -- that do not report, do  
 20 you know if they have any duty to report with  
 21 respect to any of the receivables or debt that they  
 22 may own at any point in time?

23 MR. BRESSLER: Objection to form.

24 THE WITNESS: It is my understanding  
 25 they do not have any duty. Sherman Capital Markets

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1 A. MHC does not report to the credit  
 2 bureau entities, FNB does not report to the credit  
 3 bureau, Sherman III does not report, Sherman  
 4 Capital Markets does not report. How many is  
 5 that --

6 MR. BRESSLER: Do you want a list?

7 THE WITNESS: -- four?

8 MR. BRESSLER: Do you want a list to  
 9 make -- why don't you write down for yourself --

10 BY MR. SHELLY:

11 Q. Sure.

12 MR. BRESSLER: -- to make it a little  
 13 easier --

14 BY MR. SHELLY:

15 Q. I -- actually, I can give you a list.

16 A. I'm trying to think in my head.

17 Q. I have a list here. There you go.

18 A. Okay.

19 Q. I'm going to make it an exhibit --

20 A. Because I'm trying to think how many I  
 21 got.

22 Q. -- but there's a list for you.

23 A. Okay.

24 MR. BRESSLER: No, but let's cross  
 25 off --

1 and Sherman Financial Group never own any debt so  
 2 they would -- there would nothing -- there'd be  
 3 nothing to report so there's no duty. Sherman  
 4 Originator III may only own debt for a few days,  
 5 that's the longest. They don't actively do  
 6 anything with the inventory so they do not have any  
 7 trade lines to report so there would be no duty.  
 8 Same with MHC, they would only own the account  
 9 briefly before being sold so they would not have a  
 10 trade line to report. FNB only holds the  
 11 receivables for our Credit One accounts so they do  
 12 not report so only LVNV and PYOD have a duty to  
 13 report.

14 BY MR. SHELLY:

15 Q. All right.

16 MR. BRESSLER: And also object as  
 17 beyond the scope.

18 BY MR. SHELLY:

19 Q. Do you know if Resurgent reports for  
 20 anyone other than PYOD and LVNV?

21 A. Resurgent will report if they are asked  
 22 to for any of their clients. Resurgent is a  
 23 servicer for other companies other than PYOD and  
 24 LVNV.

25 Q. Okay. Any within the Sherman umbrella

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1 of companies?  
 2 MR. BRESSLER: Objection, form.  
 3 THE WITNESS: Anson Street is another  
 4 entity that is under the Sherman umbrella.  
 5 BY MR. SHELLY:  
 6 Q. Okay. Any others?  
 7 A. East Bay Funding is another one. I  
 8 think that would be all the ones that would have --  
 9 need active servicing.  
 10 Q. Okay. Were there -- are there inactive  
 11 businesses within that umbrella that used to use  
 12 Resurgent for such reporting?  
 13 A. I'm not sure. I don't know if any of  
 14 the inactive entities reported or not.  
 15 Q. Okay. Does Resurgent report for anyone  
 16 outside of the Sherman umbrella?  
 17 MR. BRESSLER: Objection to form.  
 18 THE WITNESS: I don't know.  
 19 BY MR. SHELLY:  
 20 Q. Okay. Do you know why the decision was  
 21 made to have Resurgent do the reporting for PYOD  
 22 and LVNV rather than having them report themselves?  
 23 A. Resurgent is the master servicer for  
 24 LVNV and Resurgent (sic) so Resurgent is in charge  
 25 of managing the inventory owned by LVNV and PYOD,

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1 therefore they are in charge of all operations and  
 2 that would include reporting their -- reporting  
 3 LVNV or PYOD's trade line to the credit bureaus.  
 4 Q. What sort of reporting, if any, does  
 5 Resurgent do for Capital One Bank?  
 6 A. None.  
 7 Q. What sort of work does it do for  
 8 Capital One Bank?  
 9 MR. BRESSLER: Objection, form.  
 10 THE WITNESS: I'm not aware of any work  
 11 Resurgent does for Capital One Bank (sic).  
 12 BY MR. SHELLY:  
 13 Q. Okay. And you're testifying today as  
 14 Resurgent's representative, correct?  
 15 A. Correct.  
 16 Q. Okay. And you're not aware of any work  
 17 that they do with respect to the processing of  
 18 information that may relate to bankruptcy vis-à-vis  
 19 Credit One accounts?  
 20 A. A second ago you asked I believe about  
 21 Capital One Bank.  
 22 Q. I'm sorry, Credit One. And I  
 23 apologize. If I do that, let me know. That's  
 24 going to -- that happens a lot.  
 25 A. Okay.

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1 Q. And I'm sure it happens -- I know it  
 2 happens in these Credit One depositions and I  
 3 apologize, I meant Credit One.  
 4 A. Ah, okay. I do believe that Resurgent  
 5 does very limited scrubbing for Credit One Bank to  
 6 determine if accounts are in bankruptcy but that's  
 7 as far as I know that Resurgent does for Credit  
 8 One.  
 9 Q. Okay. That's the only work that you're  
 10 aware of that Resurgent does for Credit One?  
 11 MR. BRESSLER: Objection, asked and  
 12 answered.  
 13 MR. SHELLY: No, I think I asked her  
 14 Capital One. That's why I'm -- I think that's  
 15 what -- why I'm asking her now.  
 16 THE WITNESS: If Resurgent -- I mean,  
 17 Resurgent is also a servicer for Sherman Originator  
 18 III.  
 19 BY MR. SHELLY:  
 20 Q. Okay.  
 21 A. So in that regard Resurgent will -- if  
 22 Sherman Originator III purchased debt from Credit  
 23 One and then sold it to an outside third party,  
 24 Resurgent would hold the media and transfer the  
 25 media to the third party on behalf of Sherman

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1 Originator III so stuff more along the lines of  
 2 really doing the work for their clients, which  
 3 would be Sherman III on behalf -- when they buy it  
 4 from Credit One.  
 5 Q. Okay. Earlier we were talking about in  
 6 this reporting you said that Sherman Capital  
 7 Markets and Sherman Financial Group never owned any  
 8 of the debt, is that correct?  
 9 A. That is correct. Sherman Financial  
 10 Group many years ago would purchase debt from GE  
 11 but that practice stopped maybe in 2009, 2010 but  
 12 they would immediately transfer it to a debt-owning  
 13 entity but they had not done that in many years and  
 14 Sherman Capital Markets to my knowledge had never  
 15 owned it.  
 16 Q. Okay. Has Sherman -- did the Sherman  
 17 Financial Group ever own any debt that originated  
 18 with Credit One Bank?  
 19 MR. BRESSLER: Objection, beyond the  
 20 scope of the whole area.  
 21 THE WITNESS: Not that I'm aware of.  
 22 BY MR. SHELLY:  
 23 Q. Okay. What do the entities do with  
 24 respect to any of these that are holding debt at  
 25 any point in time if they get a request from a

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1 debtor to notify the credit reporting agencies that  
 2 the debt that is listed on their credit report has  
 3 been discharged in bankruptcy?  
 4 MR. BRESSLER: Objection to form.  
 5 THE WITNESS: So I'll speak about PYOD  
 6 and LVNV since out of the eight entities they are  
 7 the two with -- that could possibly have a trade  
 8 line on a consumer's credit report. If the  
 9 consumer contacts Resurgent Capital Services on --  
 10 for PYOD or LVNV Funding regarding a trade line  
 11 that was discharged in bankruptcy, there would be  
 12 nothing for Resurgent to do on behalf of LVNV or  
 13 PYOD because the trade line would have already been  
 14 deleted.  
 15 BY MR. SHELLY:  
 16 Q. Okay. And the -- MHC, FNBm and III,  
 17 they hold -- hold some of the receivables -- in the  
 18 case of Sherman III -- Originator -- well, Sherman  
 19 III is the way you referred to it -- they hold some  
 20 of that debt for possibly days. Who's doing the --  
 21 the servicing of that -- those receivables and that  
 22 debt if anything needs to be reported to the credit  
 23 reporting agencies?  
 24 A. For Sherman III the day -- the few days  
 25 that they are holding the debt they do not report

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1 to the credit bureaus so there would be no need for  
 2 Resurgent to do anything on behalf of Sherman III.  
 3 Q. Okay. Why don't they report during  
 4 those days that they hold it? If that occurs  
 5 during those days, aren't they -- they liable to  
 6 report that to the credit reporting agencies?  
 7 MR. BRESSLER: Objection, beyond the  
 8 scope.  
 9 THE WITNESS: It is -- it's my  
 10 understanding that it is up to each individual  
 11 company on whether or not they wish to report debt  
 12 or accounts to a credit bureau agency. Sherman III  
 13 does not wish to do that. Typically if they hold  
 14 debt for a few days, it is just to logically get  
 15 the accounts together to be sold to a third party.  
 16 BY MR. SHELLY:  
 17 Q. Okay. You said they -- they don't wish  
 18 to do that. Do you know who made that decision not  
 19 to report?  
 20 A. I don't but it's my understanding that  
 21 any of the entities that do not actively hold owned  
 22 debt, where they just purchase it and hold it for a  
 23 few days, they will -- they never report to the  
 24 credit bureaus.  
 25 Q. Okay. Do you know when that policy was

Page 24

1 established?  
 2 A. I don't.  
 3 Q. Do you know why it was established?  
 4 A. No, I don't.  
 5 Q. Okay. And MHC and FNBm, do they have  
 6 similar policies to Sherman III with respect to not  
 7 reporting during the time that they hold  
 8 receivables and/or debt?  
 9 A. FNBm and MHC are not serviced by  
 10 Resurgent Capital Services so I don't know.  
 11 Q. Okay. But you're here testifying on  
 12 their behalf as well today. I mean, do they -- you  
 13 said they don't report. Do you know why they don't  
 14 report during the time period that they -- they  
 15 hold such debt or receivables?  
 16 A. It is my understanding that Credit One  
 17 would be the trade line that would be reported, not  
 18 F -- FNBm or MHC.  
 19 Q. Okay. So they would rely -- is it your  
 20 understanding that they rely on Credit One to do  
 21 such reporting for them?  
 22 A. That is my understanding.  
 23 Q. Okay. Do you know who at MHC or FNBm  
 24 made that decision?  
 25 A. I do not.

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1 Q. Okay. Are there individuals at FNBm or  
 2 MHC to make such decisions?  
 3 A. It's my understanding that they do not  
 4 have any employees.  
 5 Q. Okay. Do you know why the policy of  
 6 MHC and FNBm is to allow Credit One Bank to do such  
 7 reporting for them?  
 8 MR. BRESSLER: Objection, form.  
 9 THE WITNESS: It's my understanding  
 10 that Credit One Bank is the servicer.  
 11 BY MR. SHELLY:  
 12 Q. And that's -- that's true -- they're  
 13 the servicer even after the -- the debt and the  
 14 receivable have come together at MHC for sale to  
 15 Sherman Originator III?  
 16 A. The debt and the account and the  
 17 receivable come together at Sherman III, not at  
 18 MHC. Once the receivable and account come together  
 19 at Sherman III, Resurgent Capital Services would  
 20 take over servicing.  
 21 Q. I know we're going to get into this  
 22 later on with them but you just said -- with the  
 23 second deponent but you said that the debt and the  
 24 receivable come together at Sherman Originator III.  
 25 Where -- where does each one of them come from?

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1 A. The receivable is sold by FNBm and the  
2 account is sold by MHC.

3 Q. So FNBm sells the receivable directly  
4 to III?

5 A. That is my understanding.

6 MR. BRESSLER: It's beyond the scope.

7 BY MR. SHELLY:

8 Q. Okay. All right. And MHC sells the  
9 debt to Sherman Originator III?

10 MR. BRESSLER: Objection, form.

11 BY MR. SHELLY:

12 Q. Is that what you said?

13 A. I refer to it as the account.

14 Q. Okay. And within -- other people have  
15 referred to it debt and account. Is that fairly  
16 common within the Sherman group to refer to the  
17 account at Credit One and the debt as being one and  
18 the same?

19 MR. BRESSLER: Objection, form.

20 THE WITNESS: I can see how that would  
21 happen, yes.

22 BY MR. SHELLY:

23 Q. Okay. You're familiar with that  
24 practice?

25 A. I am.

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1 A. General counsel.

2 Q. Okay. Do you know if -- and which  
3 entities were they again?

4 A. Sherman Financial Group.

5 Q. Yep.

6 A. FNBm, MHC and Sherman Capital Markets.

7 Q. And did anyone search within those --  
8 those four entities for responsive documents?

9 A. I don't know. I trusted what I was  
10 told by general counsel.

11 Q. Okay. Well, you're telling me general  
12 counsel told you that they didn't have responsive  
13 documents but you don't know if anyone actually  
14 went in and looked for -- for documents?

15 A. I don't know.

16 Q. Okay. Do you generally -- you said  
17 you -- you're a paralegal there. Do you generally  
18 look for documents in other cases for those four  
19 entities?

20 MR. BRESSLER: Objection, form.

21 THE WITNESS: Yes. My -- in my job I  
22 typically respond to discovery requests or  
23 subpoenas such as the ones we received in this case  
24 for Sherman III or Resurgent, PYOD or LVNV.

25 BY MR. SHELLY:

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1 Q. Okay. Do you know what documents were  
2 searched at each -- for at each and every one of  
3 these entities we've talked about?

4 A. I do. Is there a certain document --

5 Q. No. I'm just wondering what -- what  
6 instructions were -- were made to each one of the  
7 entities and what files were searched and what  
8 was -- what was sought.

9 A. When the subpoenas came in, they  
10 were -- the subpoenas for whichever entity were  
11 sent to either myself and my team and we did some  
12 investigating for the clients that Resurgent  
13 Capital Services services for or they're sent to  
14 general counsel so he could determine what accounts  
15 might be produced in regards to the subpoenas.

16 Q. Okay. Who -- and who was asked to go  
17 out and actually look for -- for those documents,  
18 was that -- were you and your team tasked with  
19 that?

20 A. I looked for documents for PYOD,  
21 Resurgent Capital Services, Sherman III and LVNV  
22 Funding. I was told that Sherman Financial Group,  
23 FNBm, MHC and Sherman Capital Markets did not have  
24 responsive documents.

25 Q. Who told you that?

1 Q. Okay. What about Sherman Capital -- or  
2 Sherman Financial Group, FNBm, MHC and Sherman  
3 Capital Markets?

4 A. Typically for those four I would speak  
5 to my boss, Michael Bahner, and general counsel and  
6 they would give me any responsive documents if  
7 there were any.

8 Q. Okay. Are there paralegals tasked with  
9 looking for documents for those groups?

10 A. I don't know.

11 Q. So other than -- than your conversation  
12 with in-house counsel, you don't know what was  
13 done, if anything, to search for documents from  
14 those four entities?

15 A. I don't.

16 Q. Okay. Do you know if any of these  
17 entities, the eight entities we've talked about  
18 here, ever get calls from customers saying that a  
19 debt that is showing up on their credit report as  
20 being charged off has been discharged from  
21 bankruptcy and should be removed from their credit  
22 report?

23 A. It's possible that Resurgent would get  
24 a call regarding PYOD or LVNV's trade line. If  
25 Resurgent received a call that a -- an account has

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1 been discharged in bankruptcy and is still  
 2 reporting, Resurgent would immediately investigate  
 3 that account to determine the validity of that  
 4 dispute and if that is true, if there is somehow a  
 5 trade line still reporting after a discharge in  
 6 bankruptcy, it would be removed immediately.

7 Q. Do you know who made that decision?

8 MR. BRESSLER: Objection, what  
 9 decision?

10 BY MR. SHELLY:

11 Q. To follow that policy.

12 A. That decision just steps in line with  
 13 Resurgent's other policy removing LVNV and PYOD's  
 14 trade lines upon the filing of a bankruptcy. Since  
 15 there should not be a trade line being reported, at  
 16 discharge if there happens to be one, it would be  
 17 removed immediately.

18 Q. Okay. Do you know who made that policy  
 19 decision?

20 A. I don't. It's always been that way.

21 Q. Okay. Since 2004?

22 A. At least.

23 Q. Okay. So you're not aware of anything  
 24 that would stop Resurgent from informing the credit  
 25 reporting agencies that sole consumer debt that

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1 that's what you mean, in other words, it's not  
 2 their debt, it's the debt of one of their clients?

3 A. Correct.

4 Q. Or one of their servicing entity -- one  
 5 of the entities they're servicing for?

6 A. Right.

7 Q. You said that Resurgent does scrubbing  
 8 for Credit One Bank. Can you tell me what that is  
 9 and how they do that?

10 A. What I know is Resurgent has in the  
 11 past and may continue to do so to scrub Credit One  
 12 accounts to determine if any of them have been in  
 13 or are in or have filed bankruptcy. Resurgent uses  
 14 various methods to scrub all accounts for -- to see  
 15 if there's a bankruptcy filing.

16 Q. Can you expand upon that?

17 A. Resurgent uses a third-party vendor  
 18 called Phin Solutions and I believe that's spelled  
 19 P-H-I-N.

20 Q. Okay.

21 A. And Resurgent also uses the E-filing  
 22 system from the bankruptcy so they would get  
 23 notification immediately for any accounts that they  
 24 are servicing. The scrub is daily. Phin Solutions  
 25 will pick up on even any changes in a bankruptcy,

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1 originated with Credit One Bank had been discharged  
 2 in bankruptcy?

3 MR. BRESSLER: Objection, form.

4 THE WITNESS: I'm sorry, can you -- can  
 5 you reword that? I kind of lost you halfway  
 6 through.

7 MR. SHELLY: Sure. Read -- read that  
 8 back to me if you would.

9 (The Court Reporter read the question  
 10 commencing on Page 30, Line 16.)

11 THE WITNESS: If Resurgent was  
 12 servicing the account for one of their clients and  
 13 it's a Credit One account and it was discharged in  
 14 bankruptcy, Resurgent would immediately remove that  
 15 trade line. There would be nothing to prevent it.

16 BY MR. SHELLY:

17 Q. Okay. So there's nothing stopping  
 18 Resurgent from doing that?

19 A. For one of their clients, that's  
 20 correct.

21 Q. Okay. Why do you posit it that way,  
 22 for one of their clients?

23 A. Well, because Resurgent is the servicer  
 24 for PYOD and LVNV Funding.

25 Q. Okay. Okay. They don't own debt,

1 for instance, if the chapter happens to change.

2 Q. Okay. How long has Resurgent been  
 3 using Phin Solutions?

4 A. I want to say within the last two  
 5 years. Before that the vendor was AIS. I don't  
 6 know exactly when Resurgent switched vendors.

7 Q. Do you know why they switched vendors?

8 A. I don't.

9 Q. Okay. Do you know what -- what  
 10 specifically AIS and now Phin do for Resurgent,  
 11 what actually they -- what -- what service they  
 12 perform?

13 MR. BRESSLER: I'm going to object to  
 14 the whole line as beyond the scope.

15 THE WITNESS: It's my understanding  
 16 that Phin Solutions now just scrubs all accounts  
 17 that Resurgent is servicing to see if there's a new  
 18 bankruptcy filing, to see if something has changed  
 19 in the bankruptcy, if it's discharged or dismissed,  
 20 if the chapter has changed. It's a 24-hour scrub  
 21 of the bankruptcy system.

22 BY MR. SHELLY:

23 Q. Okay. You said they do it for -- for  
 24 the accounts that Resurgent is servicing. Do they  
 25 also do it for Credit One's bank accounts?

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1 A. It is my understanding that Resurgent  
 2 does the scrubbing upon movement into MHC, when the  
 3 account moves to MHC --  
 4 Q. Okay.  
 5 A. -- prior to purchase.  
 6 Q. By -- purchase by whom?  
 7 A. Sherman Originator III.  
 8 Q. Okay. Before it gets to MHC who's  
 9 doing the scrubbing, is Resurgent doing the  
 10 scrubbing of Credit One's bank accounts then?  
 11 A. I don't know.  
 12 Q. Okay. So it's your understanding that  
 13 the only time that -- that Resurgent does the  
 14 scrubbing of Credit One Bank's accounts is when the  
 15 ownership of that account is with MHC --  
 16 MR. BRESSLER: Objection, form.  
 17 BY MR. SHELLY:  
 18 Q. -- is that correct?  
 19 A. That is my understanding.  
 20 Q. Okay. And your understanding is the  
 21 understanding of Resurgent today?  
 22 MR. BRESSLER: No, objection beyond the  
 23 scope. If you want to point to anything within the  
 24 topics that talks about scrubbing, I'm happy to  
 25 withdraw, but otherwise it's not a topic that she's

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1 been designated to testify in.  
 2 THE WITNESS: I -- I don't know the  
 3 answer.  
 4 BY MR. SHELLY:  
 5 Q. Okay. Okay. All right.  
 6 MR. SHELLY: Let's take a five-minute  
 7 break, okay?  
 8 MR. BRESSLER: Sure.  
 9 MR. SHELLY: Great.  
 10 (A recess transpired.)  
 11 BY MR. SHELLY:  
 12 Q. Okay, we were talking about these  
 13 various entities and you said that MHC and FNB  
 14 don't have individuals to set any policies  
 15 regarding whether or not they need to report to  
 16 credit reporting agencies. Of the other entities  
 17 that you're here for today, which of those actually  
 18 have individuals within their structure that could  
 19 make policy decisions on that?  
 20 MR. BRESSLER: Objection, form.  
 21 THE WITNESS: The only entities that  
 22 have employees is Resurgent Capital Services, LP  
 23 and Sherman Capital Markets, LLC.  
 24 BY MR. SHELLY:  
 25 Q. Not -- not Resurgent -- or Sherman

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1 Financial?  
 2 A. They do not. They do not have  
 3 employees.  
 4 Q. Well, what -- there are no people  
 5 located at Sherman Financial at all?  
 6 MR. BRESSLER: Objection, form.  
 7 BY MR. SHELLY:  
 8 Q. I mean, is there -- is there a board,  
 9 is there -- are there officers?  
 10 MR. BRESSLER: Beyond the scope.  
 11 THE WITNESS: There -- I would -- I  
 12 don't know if there are officers. I just know that  
 13 Sherman Financial Group does not have employees.  
 14 BY MR. SHELLY:  
 15 Q. Okay. Now, we talked -- you talked  
 16 about the deletion of bankrupt accounts by PYOD  
 17 and -- and LVNV once they become aware of the  
 18 filing of a bankruptcy. Why was the decision to do  
 19 that made?  
 20 MR. BRESSLER: Objection, asked and  
 21 answered.  
 22 THE WITNESS: I don't know, it's always  
 23 been that way.  
 24 BY MR. SHELLY:  
 25 Q. Okay. And the only entities that have

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1 any responsibility to report to credit reporting  
 2 agencies are PYOD, LVNV and because it services  
 3 their accounts Resurgent, is that correct?  
 4 MR. BRESSLER: Objection to form.  
 5 THE WITNESS: Resurgent Capital  
 6 Services has the contracts with the three credit  
 7 reporting agencies that they report to on behalf of  
 8 their clients which would be PYOD and LVNV.  
 9 BY MR. SHELLY:  
 10 Q. Okay. And the other five entities that  
 11 you're here for today, they have no responsibility  
 12 to report to the credit reporting agencies?  
 13 MR. BRESSLER: Objection, form.  
 14 THE WITNESS: It's my understanding  
 15 that yes, they do not have any duty to report to  
 16 the credit bureau agencies.  
 17 BY MR. SHELLY:  
 18 Q. Okay. Do you -- other than LVNV --  
 19 well, strike that.  
 20 Which entities of these eight actually  
 21 get requests from consumers to correct their credit  
 22 reports?  
 23 MR. BRESSLER: Objection, form.  
 24 THE WITNESS: Well, Resurgent Capital  
 25 Services would get the requests on behalf of PYOD